

AMENDED IN SENATE APRIL 7, 1999

**SENATE BILL**

**No. 249**

**Introduced by Senator Johannessen**

January 27, 1999

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An act to ~~amend Section 987.88 of the Military and Veterans Code~~, relating to veterans, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 249, as amended, Johannessen. Veterans: farm and home purchases: life or disability insurance.

~~(1) Under~~

*Under* existing law, the Veterans' Farm and Home Purchase Act of 1974, if the Department of Veterans Affairs enters into a master agreement with one or more insurance companies to provide life or disability insurance coverage for the purchasers of farms and homes from the department, the agreement is required to provide that the life insurance will be offered to purchasers who are disabled solely as a result of their qualifying military service and to nondisabled purchasers on an equal basis. Existing law also specifies that no purchaser shall be denied coverage solely because that purchaser has a qualifying military service-connected disability at the time of the application. Existing law also requires the life or disability insurance to be a form of group life or group disability insurance.

~~This bill instead would require an agreement, if entered into by the department with one or more insurance companies to provide life or disability insurance coverage for~~

~~the purchasers of farms and homes from the department, to provide that insurance to all purchasers. The bill also (a) would require the agreement to include a guaranteed issue clause to ensure that all veterans, regardless of health impairments or disabilities due to military or civilian causes, will be treated as equals, and (b) would specify that no purchaser shall be denied coverage for any reason.~~

~~(2) Existing law requires the master agreement to provide for maintenance of those reserves that the department, after consultation with the Insurance Commissioner, deems appropriate and prudent.~~

~~This bill would delete these provisions and instead would require the agreement described in (2) above to prohibit the use of any reserves by the department.~~

~~(3)–~~

*This bill would require the Secretary of Veterans Affairs to conduct a study of the life and disability insurance coverage that is being provided for the purchasers of farm and homes under the act to determine what other life and disability insurance is available that would provide equal or better coverage and a more equitable or lower cost to the purchasers. The bill would require that copies of the study, which study would be required to be conducted using existing resources of the department, be submitted to the Senate Committee on Veterans Affairs and the Assembly Committee on Veterans Affairs on or before September 15, 1999.*

The bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 ~~SECTION 1. Section 987.88 of the Military and~~
- 2 *SECTION 1. (a) The Secretary of Veterans Affairs*
- 3 *shall conduct a study of the life and disability insurance*
- 4 *coverage that is being provided for the purchasers of*
- 5 *farms and homes under the Veterans' Farm and Home*
- 6 *Purchase Act of 1974 (Art. 3.1 (commencing with Sec.*
- 7 *987.50), Ch. 6, Div. 4, M. & V.C.).*

1 (b) The study shall include, but not be limited to, a  
2 determination as to what other life and disability  
3 insurance is available that would provide equal or better  
4 coverage and a more equitable or lower cost to the  
5 purchasers for the purposes described in subdivision (a).  
6 The study shall be conducted using existing resources of  
7 the Department of Veterans Affairs.

8 (c) Copies of the study shall be submitted to the  
9 Senate Committee on Veterans Affairs and the Assembly  
10 Committee on Veterans Affairs on or before September  
11 15, 1999.

12 Veterans Code is amended to read:

13 ~~987.88. (a) If the department enters into an~~  
14 ~~agreement with one or more insurance companies to~~  
15 ~~provide life or disability insurance coverage for the~~  
16 ~~purchasers of farms and homes from the department, the~~  
17 ~~agreement shall provide that insurance will be provided~~  
18 ~~to all purchasers on an equal basis. The agreement also~~  
19 ~~shall include a guaranteed issue clause to ensure that all~~  
20 ~~veterans, regardless of health impairments or disabilities~~  
21 ~~due to military or civilian causes, will be treated as equals,~~  
22 ~~and that no purchaser shall be denied coverage for any~~  
23 ~~reason.~~

24 ~~(b) The agreement shall prohibit the use of any~~  
25 ~~reserves by the department.~~

26 ~~(c) Any departmental proposal to enter into, revise,~~  
27 ~~amend, renew, extend, or cancel any agreement~~  
28 ~~described in this section shall be a policy change subject~~  
29 ~~to subdivisions (b), (c), and (d) of Section 84.~~

30 SEC. 2. This act is an urgency statute necessary for the  
31 immediate preservation of the public peace, health, or  
32 safety within the meaning of Article IV of the  
33 Constitution and shall go into immediate effect. The facts  
34 constituting the necessity are:

35 In order to modify existing law for the effective  
36 administration of the Veterans' Farm and Home  
37 Purchase Act of 1974 at the earliest possible time, it is  
38 necessary that this act take effect immediately.

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